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United States Department of Agriculture

Food Costs and Wages the World Over

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Introduction

Inflation plagues the world. Consumers everywhere are afflicted. Inflation eats into the pocketbook and undermines standards of living. Rising prices flow across international boundaries, along with the massive amounts of merchandise that are imported and exported, and threaten economic stability in almost every nation.

The price of steel in Japan is reflected in the price of automobiles in the United States. The cost of Malaysian rubber shows up in the price that Turkish farmers pay for their tractors. People everywhere are hit by the price that oil-exporting countries charge for their oil.

Food costs appear to be dramatically affected by inflation, largely because food prices are more visible than other prices. We buy food more often than automobiles, or houses, or clothing, or medical services. We pay cash. We more easily and frequently see the rise in food prices—and respond more vigorously. A 1-cent increase in the price of bread tends to invoke a harsher reaction than a \$500 increase in the price of a car.

Despite inflation, our food supply is not threatened. We have a steady flow of high-quality foods for which we spend a lower portion of our incomes than people in most other countries in the world. Much of the credit for plentiful food goes to the American farmer whose efficiency has made the United States the world's largest food producer and the American consumer the best fed anywhere.

This publication compares food costs in the United States with costs in other countries. It also shows how long the average American works to feed his family, compared with workers in other lands.

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Food Expenditures as a Percent of Total Expenditures

The efficiency of American farmers helps make it possible for U.S. consumers to spend less of their income on food than in almost any other place on earth. Food expenditures as a percent of total expenditures (table 1) separates the amount of money we spend on food from what we spend on all items.

In the United States, fewer than 19 cents per dollar of consumer spending in 1976 went for food—the latest year for which data is available for most countries. (U.S. figures are available for 1978, when food expenditures were 17.8 percent of total consumer expenditures.) That is an average. Actual expenditures vary from family to family, depending on income and other factors. Denmark, with its record-high wage structure, was closest to U.S. expenditures, at 20.5 percent. However, the Danish data are misleading since they do not include expenditures on food consumed away from home, as do the figures for most other countries.

The proportion of consumer expenditures spent for food has remained at a high level in many developed countries in recent years. For example, in 1976 the people in Greece spent 43 percent of their total consumer expenditures for food—compared with 25 percent in West Germany, 26 percent in France, 32 percent in Japan, 31 percent in Russia, and 47 percent in Yugoslavia.

People in the developing countries spend an even larger share of their consumer expenditures for food. In Sierra Leone, for example, people spent 58 percent of their consumer expenditures for food; in Sri Lanka it was 59 percent. These high food costs are largely the result of low per capita incomes in most developing countries. (Food is usually less processed and, therefore, cheaper than in developed countries. But cheaper food divided by very low income means a high proportion spent for food.)

Table 1.

Food Expenditures as a Proportion of Private Consumption Expenditures, Selected Countries, Selected Years¹

Country	1970	1974	1975	1976
	Percent	Percent	Percent	Percent
North America				
Canada	21.0	22.4	22.5	22.0
United States	20.7	20.0	18.9	18.4
Latin America				
Panama	50.2	54.6	63.6	n/a
Puerto Rico ²	26.5	28.7	29.8	29.1
Venezuela ^{3 4}	n/a	39.5	40.3	40.1
Western Europe				
Belgium	30.0	26.5	26.1	25.9
Denmark ^{3 4}	19.2	21.0	20.7	20.5
Finland	32.5	30.4	30.9	31.7
France	31.8	27.0	26.9	26.4
West Germany ⁵	27.3	25.5	24.9	24.9
Greece	40.8	43.1	43.1	42.6
Ireland	30.0	29.5	29.3	n/a
Italy	38.8	37.2	37.4	37.8
Malta	41.4	39.1	34.4 ⁴	33.6 ⁴
Netherlands	25.5	22.9	22.3	22.0
Norway	32.3	26.1	25.9	25.5
Sweden	24.8	24.2	23.8	23.3
Switzerland ³	31.4	29.9	29.6	28.4
United Kingdom	25.2	23.6	23.6	23.8
Eastern Europe				
Poland ⁵	49.4	44.8	43.1	43.3
Russia ⁶	35.7	30-35	32.9	31.0
Yugoslavia ^{4 5}	46.6	45.5	46.2	46.7
Africa				
South Africa	27.5	28.6	28.9	27.8
Sierra Leone ^{4 5}	44.4	58.8 ³	58.4 ³	n/a
Asia				
Sri Lanka	52.8 ^{4 5}	60.4 ^{4 5}	59.9	58.5
Israel	29.7	26.5	28.4	28.3
Japan ³	34.3	33.2	33.0	30.1
Korea	52.1	52.6	52.3	52.0
Thailand	49.3	49.4	49.3	47.7
Oceania				
Australia ³	28.5	26.3	26.0	25.9

n/a = not available.

¹Includes expenditures for food consumed away from home, at hotels, restaurants, and schools and other institutions. However, excludes expenditures for alcoholic beverages and tobacco.

²Excludes nonalcoholic beverages.

³Includes alcoholic beverages and tobacco.

⁴Excludes expenditures for food consumed away from home.

⁵Includes alcoholic beverages.

⁶Estimate.

Sources: United Nations Yearbook of National Accounts, 1977; U.S. Department of Commerce, Bureau of Economic Analysis.

Food Prices and Wages

Americans work fewer hours for the money to purchase most food items than do people in most other countries. This is particularly true for items such as meat and dairy and poultry products. In 1978 a Washington, D.C., wage earner worked 1 hour and 27 minutes for the money to buy a grocery bag containing 1 pound of white bread, 1 pound of sliced bacon, 1 pound of sirloin steak, 1 pound of pork chops, a dozen large eggs, 1 pound of tomatoes, 1 pound of broiler chicken, a dozen oranges, and 1 pound of butter.

Workers in Canada do somewhat better, requiring only 1 hour 24 minutes of wages to buy the same products. The average Japanese worker has the most difficult time of any in the surveyed countries. He must work 7 hours 15 minutes—about six times longer than the American and the Canadian—to earn enough to buy that bag of groceries.



Table 2. Retail Prices of Food¹ and Minutes of Work Time² Required for Selected Purchases in the United States and 11 Other Selected Countries, 1978

Product	Unit	United States		France		West Germany		United Kingdom	
		Dol.	Min.	Dol.	Min.	Dol.	Min.	Dol.	Min.
white bread	1 lb.	0.52	4	0.90	8	0.36	2	0.30	4
bacon, sliced, pkg.	1 lb.	1.85	13	4.31	39	3.82	24	2.23	32
sirloin steak	1 lb.	2.17	15.5	3.73	34	5.68	35.5	3.99	57
pork chops	1 lb.	1.90	13.5	2.55	23	2.58	16	1.89	27
broiler	1 lb.	0.57	4	1.16	10.5	0.98	6	0.81	11.5
tomatoes	1 lb.	0.64	4.5	0.65	6	0.70	4	0.81	11.5
oranges	doz.	2.25	16	1.92	17	2.11	13	1.67	24
butter	1 lb.	1.56	11	1.81	16	1.83	11	1.05	15
eggs, large	doz.	0.77	5.5	1.46	13	1.30	8	1.12	16
Total		12.23	87.0	14.76	166.5	19.56	119.5	13.87	198.0
Product	Unit	Japan		Australia		Belgium		Italy	
		Dol.	Min.	Dol.	Min.	Dol.	Min.	Dol.	Min.
white bread	1 lb.	0.60	7	0.41	4	0.44	3	0.35	3
bacon, sliced, pkg.	1 lb.	3.70	41	1.73	17	4.38	27	2.12	19
sirloin steak	1 lb.	15.66	174	2.19	22	5.11	32	4.00	36
pork chops	1 lb.	4.70	52	2.14	21	2.41	15	2.12	19
broiler	1 lb.	1.57	17	1.03	10	1.26	8	1.20	11
tomatoes	1 lb.	1.08	12	0.62	6	1.10	7	0.54	5
oranges	doz.	7.92	88	1.65	16.5	1.68	10.5	2.04	18.5
butter	1 lb.	2.88	32	0.97	10	2.09	13	1.81	16
eggs, large	doz.	1.09	12	1.12	11	1.39	9	1.34	12
Total		39.20	435	11.86	117.5	19.86	124.5	26.32	139.5
Product	Unit	Canada		Denmark		Sweden			
		Dol.	Min.	Dol.	Min.	Dol.	Min.	Dol.	Min.

white bread	1 lb.	0.34	2	0.76	5	0.88	5
bacon, sliced, pkg.	1 lb.	1.61	11.5	3.16	21	3.06	18
sirloin steak	1 lb.	2.43	17	6.71	45	5.69	33
pork chops	1 lb.	2.09	15	3.49	23	2.67	16
broiler	1 lb.	0.88	6	1.15	8	1.60	9
tomatoes	1 lb.	0.68	5	1.23	8	1.46	8.5
oranges	doz.	1.75	12.5	2.29	15	2.10	12
butter	1 lb.	1.19	8.5	1.61	11	1.45	8.5
eggs, large	doz.	0.83	6	1.75	12	1.73	10
Total		11.80	83.5	22.15	148	20.64	120.0

¹Average prices of commodities observed by FAS agricultural attachés in capital cities during 1978 and converted into American dollars at the 1978 average rate of exchange.

²Based on 1978 national average hourly earnings of manufacturing production workers in each country.

Sources: Retail food prices as reported by U.S. agricultural attachés. U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology.

Table 3

Retail Prices of Food and Minutes of Work Time Required for Selected Purchases in the United States and the Average for 11 Other Countries Listed in Table 2, 1978¹

Product	Unit	United States		Average for 11 other countries	
		Dol.	Min.	Dol.	Min.
white bread	1 lb.	0.52	4	0.52	4.5
bacon, sliced, pkg.	1 lb.	1.85	13	3.09	25
sirloin steak	1 lb.	2.17	15.5	5.47	47
pork chops	1 lb.	1.90	13.5	2.66	22
broiler	1 lb.	0.57	4	1.15	9
tomatoes	1 lb.	0.64	4.5	0.89	7
oranges	1 doz.	2.25	16	2.46	22
eggs, large	1 doz.	0.77	5.5	1.30	10.5
butter	1 lb.	1.56	11	1.30	14
Total		12.23	87.0	18.84	161.0

¹Derived from data in table 2.

Hourly Earnings

The average American factory worker earned \$8.30 per hour, including the value of fringe benefits, during 1978. His counterparts in 6 out of 13 selected countries earned somewhat more.

In actual cash wages, however, workers in the United States ranked second behind Sweden. In many foreign countries, cash wages represent a smaller proportion of the employee's earning than is the case in the United States. Family allowances, special bonuses, paid leave, social security benefits, and other fringe benefits are provided more extensively abroad.

In Italy, for example, the value of fringe benefits paid to the average worker added almost 98 percent to his hourly earnings, compared with 35 percent in the United States. Fringe benefits boosted the earnings of workers in the Netherlands by 71 percent—in France, 77 percent, and in Belgium, 69 percent. Venezuelan employees fared the poorest; their fringe benefits amounted to only 8 percent of cash wages.

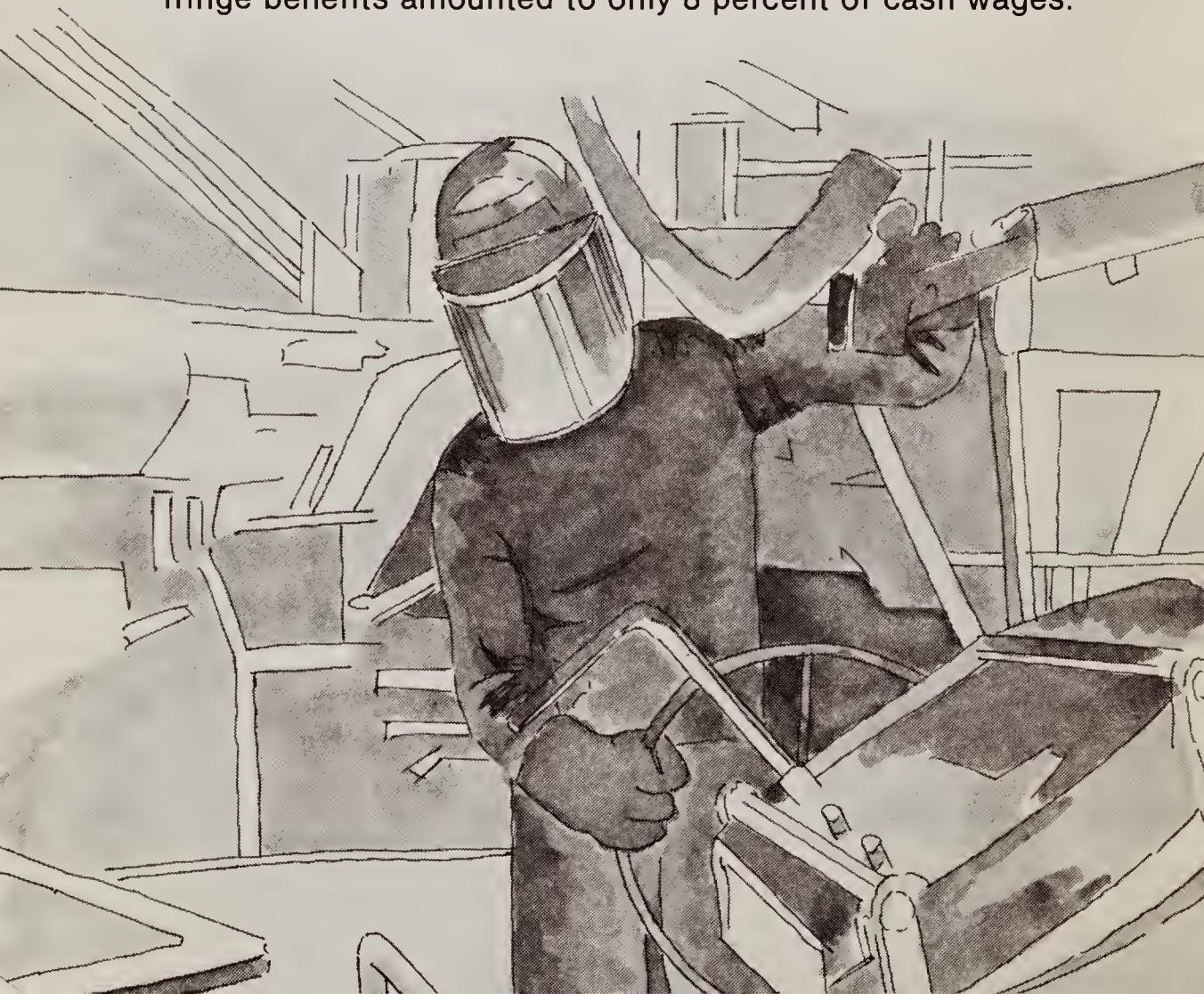


Table 4.

Average Hourly Earnings in Manufacturing in Selected Countries, 1978¹

Country	Cash wages per hour (estimate)	Percent of wages in additional compensation ²		Total compensation per hour
		Dollars	Percent	
Australia	5.47	15.0		6.29
Belgium	5.83	68.9		9.85
Canada	6.84	24.1		8.48
Denmark	7.39	18.0		8.72
France	3.84	76.6		6.80
W. Germany	5.87	61.6		9.51
Italy	3.20	97.5		6.34
Japan ³	4.73	16.0		5.49
Netherlands	5.68	70.7		9.71
Sweden	6.19	59.9		9.90
United Kingdom	3.28	29.2		4.23
United States	6.17	34.5		8.30
Venezuela ³	2.34	8.0		2.59

¹Figures converted to U.S. dollars using average rates of exchange for 1978.

²Represents fringe benefits such as family allowances, special bonuses, paid vacation and sick leave, social security, and others.

³Includes nonmanufacturing workers other than managerial, executive, professional, and high supervisory workers.

Source: Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology. Includes unpublished data.

Consumer Prices and Food Prices

The consumer price indices (CPI) developed by the International Labor Office of the United Nations show changes in the prices of goods and services in various countries. These indices cover major expenditures such as food, fuel and light, housing, and clothing. However, the method of calculating the indices varies from one country to another, hence comparisons are not always accurate or, at least, are difficult to make.

Food price indices (FPI) are similar in nature to the CPI—they reflect changes in prices of foods eaten in various countries.

With the exception of Argentina, the largest increases in consumer and food prices took place from 1970 through 1975. In the United States, for example, the CPI climbed 38.6 percent between 1970 and 1975, and only 21.1 from 1975 through 1978. Japan's prices increased 72.4 percent and 22.5 percent, respectively. Argentina's, on the other hand, went up 120.2 percent by 1975 and then a mind-boggling 34,707.8 percent in the next 3 years. The world's record for consumer price increases, however, fell to Chile, which experienced an unbelievable 300,000-percent increase between 1970 and 1978. Increased wages and fringe benefits partially helped offset the price rises in Argentina and Chile.

In most countries, food prices increased faster than overall consumer prices from 1975 to 1978. The three exceptions were Japan, the Netherlands, and the United States.

West Germany led all developed countries in the stability of both consumer and food prices. From 1970 through 1978, the German CPI rose 50.1 percent and the FPI 45.2 percent.

Table 5.

Consumer and Food Price Indices, Selected Countries, 1968, 1975-78

Country	(1970 = 100)					% Increase 1975-78
	1968	1975	1976	1977	1978	
Consumer Price Index						
Argentina	82.0	120.2	653.9	18,050.0	41,839.0 ¹	34,707.8
Belgium	92.8	149.5	163.2	174.8	182.7	22.2
Canada	92.6	142.5	153.2	165.4	180.1	26.4
Denmark	90.7	155.8	169.8	188.7	205.4 ²	31.8
France	89.3	152.8	167.5	183.2	199.6	30.6
Germany, West	94.9	134.7	140.8	146.3	150.1	11.4
Italy	92.8	171.1	199.8	236.6	266.6	55.8
Japan	88.3	172.4	188.4	203.6	211.2	22.5
Netherlands	89.1	151.3	164.6	175.6	182.5	20.6
Sweden	91.0	146.6	161.7	180.1	198.6	35.5
United Kingdom	89.2	184.4	214.9	249.0	269.6	46.2
United States	89.6	138.6	146.6	156.1	167.9	21.1
Venezuela	95.2	131.9	142.0	153.0	160.9 ³	22.0
Yugoslavia	83.7	242.7	271.0	311.6	352.1 ²	45.1
Food Price Index						
Argentina	81.0	1,187.0	6,632.0	13,150.0	NA	1,007.8
Belgium	92.4	142.7	142.7	169.3	175.8	23.2
Canada	93.8	163.7	168.0	182.1	222.6	36.0
Denmark	87.6	163.4	181.0	202.0	218.9 ²	34.0
France	88.8	157.5	174.5	196.5	223.6	42.0
Germany, West	95.5	130.1	136.8	143.7	145.2	11.6
Italy	93.2	172.2	201.6	240.5	288.1	67.3
Japan	86.5	179.5	195.9	209.0	216.2	20.5
Netherlands	89.9	138.8	152.5	162.8	162.5	17.1
Sweden	89.1	149.5	168.8	193.4	217.3	45.4
United Kingdom	87.9	206.2	247.3	294.3	336.2	63.1
United States	90.2	152.7	157.4	167.3	184.7	21.0
Venezuela	95.9	151.0	164.3	184.7	197.8 ³	31.0
Yugoslavia	82.7	243.9	278.3	329.5	382.1	56.7

NA = not available.

¹Through August 1978.

²Through September 1978.

³Through July 1978.

Source: Bulletin of Labor Statistics, International Labor Office, 1978.

Disposable Income Spent on Food

In 1976 American consumers spent less disposable income on food—14.2 percent—than in almost any other country in the world. Only in the Netherlands did consumers spend less—14.0 percent. (The year 1976 is the latest for which comparable world figures are available.) In 1978, the share of disposable income spent on food in the United States declined to 13.8 percent.

The share of disposable income spent for food (table 6) differs from the share of total expenditures spent for food (table 1). Disposable income refers to money available for spending (including savings), and therefore is a larger figure than total expenditures which refers only to the money actually spent.



Table 6.

Share of Disposable Income Spent on Food, Selected Countries, Selected Years¹

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Country	1970	1974	1975	1976
	Percent	Percent	Percent	Percent
North America				
Canada	14.2	14.1	14.7	14.4
United States ⁶	14.7	14.3	14.8	14.2
Latin America				
Panama	36.3	42.2	43.2	n/a
Puerto Rico ²	21.4	23.5	25.3	25.2
Venezuela ^{3 4}	n/a	17.0	20.2	20.7
Western Europe				
Belgium	19.9	17.4	17.6	17.5
Denmark ^{3 4}	18.8	18.9	19.3	19.2
Finland	19.3	16.6	17.6	18.4
France	22.0	18.7	19.0	18.5
West Germany ^{4 5}	16.7	15.6	16.0	15.8
Greece	25.0	25.6	25.0	29.0
Ireland	21.7	20.9	19.7	n/a
Italy	27.1	26.7	27.6	27.0
Malta	28.1	28.2	21.2 ⁴	19.9 ⁴
Netherlands	16.1	13.9	14.5	14.0
Norway	19.8	16.4	16.9	16.8
Sweden	14.8	14.4	14.1	14.2
Switzerland ³	20.6	19.4	20.0	19.4
United Kingdom	17.1	16.6	16.2	16.1
Africa				
South Africa	19.3	18.1	18.7	18.8
Sierra Leone ^{4 5}	38.1	52.9 ³	54.9 ³	NA
Asia				
Sri Lanka	38.9 ^{4 5}	48.4 ^{4 5}	48.8	44.3
Israel	19.3	16.2	18.2	18.7
Japan ³	20.2	20.3	20.5	20.3
Korea	39.5	39.6	39.8	NA
Thailand	35.9	33.9	34.9	34.0
Oceania				
Australia ³	19.1	16.5	16.4	16.3

NA = not available.

¹Includes expenditures for food consumed away from home. However, excludes expenditures for alcoholic beverages and tobacco except where noted.

²Excludes nonalcoholic beverages.

³Includes alcoholic beverages and tobacco.

⁴Excludes expenditures for food consumed away from home.

⁵Includes alcoholic beverages.

⁶These percentages differ from those published elsewhere by the U.S. Department of Agriculture because of the different approach used by the United Nations and the United States in calculating *disposable income*. The United States excludes taxes from disposable income, whereas the United Nations includes them and other lesser items. For 1978, the United States stated disposable income as being \$1,458.4 trillion whereas the United Nations figure was \$1,873.1 trillion — a difference of almost 415 billion dollars. Both disposable incomes are based on data developed by the Bureau of Economic Analysis, Department of Commerce. The United Nations approach is utilized in this publication in order to compare food expenditures around the world.

Sources: United Nations Yearbook of National Accounts, 1977; Department of Commerce, Bureau of Economic Analysis.



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